

MEMORANDUM

TO: Members, Higher Education Coordinating Board

FROM: Representative Phyllis Kenney
Senator Don Carlson
Work Group Co-Chairs

DATE: October 1, 2003

SUBJECT: LEGISLATIVE EXPECTATIONS AND POLICY GUIDANCE FOR HIGHER
EDUCATION STRATEGIC MASTER PLAN

As you know, the Higher Education Strategic Master Plan Work Group has held several meetings over the summer to discuss priorities and policy direction for the 2004 Strategic Master Plan.

On behalf of the Work Group, we are forwarding the following two documents to assist in your development of the Interim strategic master plan:

1) Combined Summary: ESHB 2076 and Work Group Discussions

This document represents a synopsis of the work group discussions combined with the legislative directives for the strategic master plan from ESHB 2076, organized by major theme. The summary does not reflect the consensus of the Work Group members. There are some areas of general agreement and other areas where differing opinions prevail.

2) Additional Work Group Recommendations

This document contains additional recommendations agreed to by a majority of both House and Senate members of the Work Group.

We have appreciated your active participation in the Work Group discussions and we look forward to continued dialog in December and during the legislative session regarding the Interim plan.

Higher Education Strategic Master Plan Work Group
October 1, 2003

Additional Work Group Recommendations

The following additional statements were agreed to by a majority of both House and Senate members of the Work Group.

The HECB must preface the 2004 Strategic Master Plan for Higher Education with a clear statement of the short and long-term vision and mission for higher education in Washington State. This statement creates the public agenda for higher education by articulating what students, parents, taxpayers, and policymakers expect from our higher education system.

1) Access

The access goals in the strategic master plan should recognize that the enrollment cycle increases during economic downturns and declines during economic upturns.

2) Funding

The strategic master plan must coordinate operating and capital funding to ensure that when policy choices are made regarding enrollment and programs, they are matched by institutional capacity to provide services. The plan should recommend a timeline for possible pilot-testing of a performance contract with one or two institutions. Before individual contracts can be negotiated, however, we must first identify the vision and mission of higher education in our state – what we expect from our higher education system.

The strategic master plan should suggest alternatives to the current average FTE funding of new enrollment in order to address high demand degrees and programs.

3) Service Delivery Models

The strategic master plan should make specific recommendations for the appropriate mix of service delivery models – branch campuses, education centers, traditional residential campuses – to best serve the needs of students in our state. The goal is to maximize existing facilities while adapting to changing demands for access to higher education. The plan should contain strategies and benchmarks for implementing the mix of delivery models in a coordinated way, rather than leaving all service delivery decisions up to each individual institution.

There should be increased flexibility for branch campuses and the community and technical colleges to meet their evolving needs and those of students and businesses in their service area.

5) Accountability

There should be a goal to reduce the time to degree in all universities, and implement policies that eliminate the gap between time to degree for entering freshmen and those who transfer from community and technical colleges.

8) Efficient Transfer

One method which could be used to maximize the number of spaces available for transfer students and ensure students are able to meet all the prerequisites for the specific degree program would be to allow students to transfer in more than 90 credits from the community college. There are already examples of articulated programs between community colleges and regional universities where as many as 135 credits can be transferred in. To allow expanded allowable credits from community colleges should ultimately result in more students being able to be admitted to the major at the university and at far less cost to both the student and the taxpayers.

Final Combined Summary: ESHB 2076 and Work Group Discussions

Introduction

On July 7, 2003, the Higher Education Strategic Master Plan Work Group convened a roundtable discussion with higher education stakeholders to focus on the following questions:

- What topics should be addressed in the strategic master plan?
- What does the state expect from higher education for its citizens?
- What are the state's top priorities for higher education over the next five to ten years?

Members of the Work Group had additional opportunities to discuss legislative policy direction for the strategic master plan at the July 30 meeting of the HECB and during a conference call on August 18.

At the September 17 meeting of the Work Group, stakeholders were invited to comment on the major topics and themes that emerged from these discussions.

What follows is a synopsis of these discussions combined with the legislative directives in ESHB 2076, organized by major theme. Input from stakeholders that was not already covered by the discussion summary has also been incorporated into this document.

The summary does not reflect the consensus of the Work Group members. There are some areas of general agreement and other areas where differing opinions prevail. The overall aim is to provide legislative guidance and policy direction to the HECB in its development of the 2004 strategic master plan for higher education. Work Group members and the Higher Education Committees will have further opportunities to engage with stakeholders and the HECB during the review of the interim master plan after December.

1) Access

ESHB 2076	Summary of Work Group Discussions
<p>The Board shall specify strategies for maintaining and expanding access.</p> <p>In developing the plan, the Board may consider:</p> <ul style="list-style-type: none"> ▪ The changing ethnic composition of the population and the special needs arising from those trends; and ▪ Needs and demands for basic and continuing education and opportunities for lifelong learning by individuals of all age groups; ▪ Needs and demands for access to higher education by placebound students and individuals in heavily populated areas underserved by public institutions. <p>The plan shall include recommendations based on enrollment forecasts and analysis of data about demand for higher education, and policies and actions to meet those needs.</p>	<ul style="list-style-type: none"> ▪ The strategic master plan should contain projections for how many students the state will need to serve within various future timeframes (five years, ten years). The plan should also project the fields in which instructional capacity will be needed. ▪ The access goal for the 2004 Strategic Master Plan should be to maintain the current level of participation (2002 participation), plus add enrollments for additional demand in certain specific areas: <ul style="list-style-type: none"> ○ Increased demand for workforce training ○ Changing needs of the economy ○ Increased participation of under-represented classes ○ Improving the two-year to four-year transfer rate <p>It is assumed that this implies expansion of enrollment in both the two-year and four-year sectors beyond current participation rates to meet specific programmatic needs.</p> <ul style="list-style-type: none"> ▪ The plan should examine the effectiveness of transfer to the four-year institutions to ensure that sufficient capacity is available for transfer students. ▪ The plan should also examine whether current policies are adequate regarding students' responsibility to complete degree and certificate programs in a timely fashion so that limited resources benefit as many students as possible.

Comments from Individual Work Group Members:

The looming challenge of providing sufficient access to higher education to meet demand from increasing numbers of potential students is a major issue. It causes us to question whether our previous assumptions about higher education can continue unchallenged. The issue of over-enrollment at all of our institutions was discussed, as well as the open door policy at the community and technical colleges.

If we are trying to provide "access to all," we must clearly justify this goal (and the additional funding needed to accomplish it). If not, we must manage student and parent expectations to avoid false hopes.

Input from Stakeholders:

Reconciling demand and supply for higher education is THE overwhelming strategic issue for this state over the next five to ten years. However, demand is not a single number. There are policy levers (some of which are controlled by the state; others not) that can influence student demand. Financial aid, K-12 education policies, and the economy are examples. The state should examine the interactions between these policy levers; develop scenarios of low, medium, and high demand; and develop a series of policy responses to the scenarios.

It may be unpopular, but in the mid-term we must consider rolling back admission for out-of-state and foreign students in order to maximize access for our own students.

2) Funding

ESHB 2076	Summary of Work Group Discussions
The Board shall specify strategies for maintaining and expanding efficiency.	<ul style="list-style-type: none">▪ Funding for higher education is a critical topic and more discussion is needed. Neither the HECB nor the Legislature will be able to make decisions regarding the future of higher education without addressing this issue.▪ Tuition and financial aid must be part of the funding equation. No financing solution is complete without addressing these issues simultaneously – however they are to be addressed Funding policy, tuition policy, and financial aid policy must all be in sync.▪ The strategic master plan should include recommendations for changing how the state allocates funds to institutions.▪ The plan should reflect coordination and integration of planning, policy decisions, and operating and capital funding. <p>Beyond these areas of general agreement, Work Group members discussed funding issues at length, but reached no consensus.</p>

Funding Options Discussed:

Funding Option: There should be a dedicated, permanent funding source for higher education. The strategic master plan must clearly articulate this need and build the case for additional taxpayer support. There is exploratory work being done to propose a comprehensive funding source for both K-12 and higher education through a citizen's initiative. Regardless of the outcome of this effort, the difficult issue of additional funding must be raised.

Funding Option: The state should identify an amount adequate to meet the needs of the higher education system and set a goal to meet it. For example: taxpayer support of higher education in Washington should equal .75 percent of Total Personal Income (PI). PI is the total income of all citizens in the state; it is not the per capita income of any single individual. PI is an indicator of economic health and the ability of taxpayers to support services. Ten years ago, general state funding for higher education equaled .75 percent of PI. It has since fallen to .69 percent, not including the most recent budget cuts for the 2003-05 biennium. If funding were at .75 percent of PI, it would mean an additional \$119 million for higher education. This approach to funding includes elements of the Priorities of Government (POG) process. How the goal is met -- through reallocation of existing resources, a new dedicated funding source, or a citizen's initiative -- becomes part of regular political discourse and debate.

Comments from Individual Work Group Members:

In addition to considering total funding for higher education, we must also examine how the current funding methodology creates incentives and disincentives and drives institutional behavior. If the state has an interest in expanding high cost programs, for example, continuing to fund enrollment based on an average cost per student might not accomplish this goal.

Other options for bolstering higher education funding must be explored, such as making enrollment in higher education part of the mandatory service caseload.

Input from Stakeholders:

There has not been much discussion of compensation as a key funding problem. Adequate funding for faculty salaries is needed to address recruitment and retention issues, both in the two and four-year systems.

Funding is critical, but there must also be a discussion of what in terms of quality the state wishes to accomplish with additional funding. There has also not been adequate discussion of the possibility of performance compacts and their relationship to funding.

3) Service Delivery Models

ESHB 2076	Summary of Work Group Discussions
<p>The Board shall specify strategies for maintaining and expanding quality.</p> <p>As a foundation for the plan, the Board shall develop and establish role and mission statements for each of the four-year institutions of higher education and the community and technical college system.</p> <p>The Board shall determine whether certain major lines of study or types of degrees, including applied degrees or research-oriented degrees, shall be assigned uniquely to some institutions or institutional sectors.</p> <p>In developing the plan, the Board may consider demographic, social, economic, and technological trends and their impact on service delivery.</p> <p>The plan shall include state or regional priorities for new or expanded degree programs or off-campus programs, including what models of service delivery may be most effective.</p>	<ul style="list-style-type: none">▪ The strategic master plan should include recommendations for how higher education services should be delivered and by which institutions. Service delivery should reflect the distinct roles and missions of the higher education institutions.▪ In developing the recommendations, the HECB should consider the changing nature of service delivery and the changing nature of the student population, including mid-career and placebound students.▪ The plan should include specific recommendations on education centers, branch campuses, and distance learning. Quality assurance mechanisms should be part of any recommendations.▪ The plan should reflect regional solutions and regional partnerships. Four-year institutions, feeder community and technical colleges, and feeder high schools must work together to address the educational and economic development needs of an entire community.

Comments from Individual Work Group Members:

The Legislature does not have sufficient data or expertise to set a numeric target for enrollment through these service models, but the HECB and institutions must explicitly incorporate these models into the plan. The strategic master plan must provide guidance to the institutions as they develop and implement programs. The plan should also be revisited periodically as circumstances change. In planning for the future, the HECB should not be constrained by how education is currently delivered, but look for different alternatives and options. The HECB should also factor in the costs and efficiencies of various service delivery models.

The data available from NCHEMS is informative, particularly regarding regional needs and disparities. Distance learning must be examined carefully to ensure that quality instruction and interaction is taking place. Expanding distance learning requires partnering with the technology community to ensure the necessary electronics are available in rural areas.

Input from Stakeholders:

The master plan must recognize that the two and four-year sectors have complimentary missions. In some areas, the mission is similar: lower division academic preparation for a baccalaureate degree, assisting economic development through provision of an educated and skilled workforce. But the community and technical colleges are also charged with workforce training in ways that universities are not, such as dislocated workers and welfare programs. The CTCs also have a basic skills mission in providing literacy, English as a Second Language, and basic job skills for an important segment of our population. The master plan cannot focus solely on baccalaureate degrees or advanced research. The role and importance of all sectors in meeting the higher education needs of our state must be recognized and affirmed.

Beware of trying to create a centralized, top-down model of service delivery by assigning certain degrees to certain institutions in certain areas of the state. Eastern Europe is full of examples of the failure of centralized and bureaucratic control of supply. Ultimately, the state would be better off relying on a market-driven system.

Service delivery policies must incorporate data and information about trends in demographics, use of technology, regional needs, the economy, and other factors.

Determining the future role of branch campuses is critical.

Distance learning offers tremendous, untapped potential. New models of learning that incorporate both on-ground and on-line instruction provide maximum flexibility for adult learners, placebound students, and those in rural areas.

The role of private institutions should not be ignored in providing both potential capacity for certain degree programs and new models of service delivery.

4) Higher Education and Economic Development

ESHB 2076	Summary of Work Group Discussions
<p>In developing the plan, the Board may consider business and industrial needs for a skilled work force.</p> <p>The plan shall include state or regional priorities for addressing needs in high-demand fields where enrollment access is limited and employers are experiencing difficulty finding enough qualified graduates to fill job openings.</p>	<ul style="list-style-type: none">▪ The strategic master plan should recommend ways for the state and institutions to be more responsive to the needs of employers seeking trained individuals in particular high demand fields. The state needs a way to identify – both statewide and on a regional basis – types of high demand programs so that institutions can respond in a more timely fashion.▪ The plan must recognize that higher education has multiple purposes--academic, economic, and civic--and seek to strike a balance among them.▪ The recommendations should reflect the different roles and missions of institutions and higher education sectors.▪ The plan should suggest options for the state to support the research mission of higher education as it pertains to economic development.▪ The HECB and institutions must identify the cost of a degree rather than simply the cost of an additional enrollment slot.

Comments from Individual Work Group Members:

We must gain a better understanding of what it takes to produce the end product: a degreed student. Accurate information on the cost of various degrees would help the state address high cost programs in a more systematic way. Current data on FTE costs and the way the state provides funding for FTE enrollment do not support policy decisions.

Input from Stakeholders:

The relationship between investment in higher education and economic development is profound. Over the next five to ten years, human investment will be the factor that “supersizes” our economy. The plan must figure out how the system can be more responsive to specific skill gaps for specific employers. Progress has been made with the CTCs, but funding remains a large disincentive to expand high demand programs.

5) Accountability

ESHB 2076	Summary of Work Group Discussions
<p>The Board shall specify strategies for maintaining and expanding efficiency and accountability.</p> <p>The Board shall recommend specific actions to be taken and identify measurable performance indicators and benchmarks for gauging progress toward achieving the goals and priorities.</p> <p>The Board shall review, evaluate, and make recommendations on operating and capital budget requests based on how the requests align with and implement the statewide strategic master plan.</p> <p>Institutions shall develop strategic plans that implement the vision, goals, priorities, and strategies within the statewide strategic master plan. Institutional plans shall also contain measurable performance indicators and benchmarks.</p>	<ul style="list-style-type: none">▪ The strategic master plan should recommend specific indicators of institutional performance that can be reported and monitored, along with reporting timelines. The indicators should reflect the state's priorities but avoid micromanagement of institutions.▪ Fiscal responsibility and cost management should be among the performance indicators.▪ The issue of data is crucial for the next strategic master plan. Data is needed regarding costs, outcomes, and performance. The plan should identify the types of information needed from institutions to assure consistent and comparable reporting. The HECB must both collect and analyze data to avoid overwhelming policymakers with streams of information.▪ To be effective, a performance accountability system must include not only performance measures, but also a mechanism for the state to use them. Each higher education institution should implement a quality management system.

Comments from Individual Work Group Members:

The Legislature and the public expect higher education institutions to continually improve and become more efficient. We need assurance, for example, that obsolete programs are not consuming space and resources or that barriers do not inhibit students wishing to transfer between institutions. The HECB and the institutions should identify appropriate indicators of success in meeting the state's goals.

There has been institutional resistance to performance measures, but if a dedicated funding source and/or additional revenue is going to be sought, then accountability for outcomes is a requirement. Students, faculty, and the state have a responsibility to ensure the efficient use of resources.

More work should be done to describe and then measure the desired outcomes of a higher education. Desirable outcomes include not only the attainment of a degree or job after graduation, but also a better educated citizenry.

The HECB should look to institutions in other states that have implemented quality management systems, such as the University of Michigan and institutions in Arkansas and Georgia.

Input from Stakeholders:

The four-year and two-year institutions have already developed accountability measures and continue to monitor progress toward meeting them. Faculty performance is also continually assessed through tenure and annual review. Accreditation bodies continually assess institution performance. The state needs to understand what data and measures are already in place and what is needed in addition to that.

Student input should be a part of the accountability system.

6) Learning as a Lifelong Continuum: P-16 and Beyond

ESHB 2076	Summary of Work Group Discussions
<p>In developing the plan, the Board may consider:</p> <ul style="list-style-type: none">▪ Needs and demands for basic and continuing education and opportunities for lifelong learning by individuals of all age groups;▪ College attendance, retention, transfer, and dropout rates.	<ul style="list-style-type: none">▪ The strategic master plan should contain specific recommendations and strategies to:<ul style="list-style-type: none">○ Align high school standards and assessments with college admission and placement practices.○ Expand dual-credit opportunities for students.○ Reduce the need for remediation at the college level, particularly in mathematics.▪ The strategic master plan should also recommend strategies to increase the connections between the state's postsecondary and K-12 education systems, such as improved communication and better alignment of assessment and curriculum. The importance of counseling at both the K-12 and postsecondary levels should be recognized.

Comments from Individual Work Group Members:

What happens in our schools influences what happens in our colleges and universities. Not only are we expecting the state's largest high school graduating class in 2008, but those students will have experienced education reform with standards-based learning and assessment. We anticipate students will be better prepared, but we must also take active steps to reduce the need for remediation.

For years, the Legislature has expressed concern about the continuing need for remediation by many college students, particularly those entering college immediately after high school. Enhanced counseling and improved communication are vital, but may not be enough. The K-12 and higher education systems must be encouraged to work together to ensure that high school students are prepared to meet their higher education goals.

The impact of the open door admissions policy at the community and technical colleges on remediation must be examined. Currently there are no consequences for low-performance. Students can choose to avoid taking more difficult college-preparatory work in high school, particularly during their junior and senior years, with the knowledge that they can still get into a community college and later transfer for a four-year degree. A fundamental policy question is: Should the taxpayers be expected to pay twice for the education an individual should have received in high school?

There is, however, recognition that students making a mid-career change or entering college some time after high school graduation might require some remediation. Individuals on Temporary Assistance for Needy Families need assistance in obtaining higher education. The state should continue to support GED programs.

At the same time, what happens in colleges and universities, particularly regarding entrance requirements, has a strong influence on high schools. For K-12 education reform to work, standards for college entrance must be aligned with K-12 learning standards. Ensuring that high school students meet those standards then becomes the responsibility of the K-12 system. This will have to be phased in over time to ensure that disadvantaged students are not shut out of higher education. Students and their parents would benefit from improved communication about expectations, as would high school counselors. The HECB should continue and expand its previous work on competency-based college admission requirements.

Input from Stakeholders:

There truly is a disconnect between what high schools require for graduation and what colleges expect at entrance. Research shows that WASL scores are a reasonable predictor of performance in college placement tests, but that the content between the WASL and college entrance exams is very different. Some of that is explainable (the WASL is not an end-of-high school test), but the remainder is a problem of communicating expectations. Both systems need to take this disconnect seriously and the master plan should address strategies and opportunities to improve communication between educators, students, and parents.

7) Tuition and Financial Aid

ESHB 2076	Summary of Work Group Discussions
<p>The Board shall make recommendations for maintaining and expanding affordability.</p> <p>The plan shall include:</p> <ul style="list-style-type: none">▪ Recommended tuition and fees policies and levels;▪ Priorities and recommendations on financial aid.	<ul style="list-style-type: none">▪ A central purpose of the strategic master plan continues to be recommendations and strategies for assuring that as many students as possible can afford access to higher education. <p>Beyond general agreement that the Legislature should remain firmly committed to providing financial aid for needy students, Work Group members did not reach consensus regarding how tuition should be set or how financial aid should be provided.</p>

Tuition Options Discussed:

Tuition Option: It is very important that the Legislature retain control of resident undergraduate tuition. The notion of setting tuition on a sliding scale based on family income is intriguing, but there are many concerns about complexity, federal tax implications, and the increased risk of students declaring themselves to be independent from their families to become eligible for lower tuition.

Tuition Option: The state should identify an amount adequate to meet the needs of the higher education system, set a goal to meet it, and at the same time grant tuition-setting authority to institutions. The combination of a funding goal and tuition-setting authority has the effect of keeping pressure on the Legislature to follow through on its funding commitment. If the goal is not met with tax revenue, institutions have the ability to raise the remaining funds through tuition increases.

Comments from Individual Work Group Members:

The HECB goal for State Need Grant has been to serve all students at or below 65 percent of Median Family Income (MFI). Current legislative policy is at 55 percent MFI. However, the problem is that students either qualify for the full grant, or they do not qualify at all. There is no middle ground. A very small increase in family income has the effect of cutting a student off completely from aid. This is not equitable. We need to create a financial aid system that avoids this problem.

Input from Stakeholders:

Tuition should be examined from a policy perspective, not solely from a funding perspective as a budget balancer. For students, the most important aspect of tuition is predictability so that students and their parents can plan for how to pay for the education. Financial aid, particularly the State Need Grant, is the key component that provides opportunity for a higher education for students of all types of diversity and family backgrounds.

8) Efficient Transfer

ESHB 2076	Summary of Work Group Discussions
The plan shall include recommended policies or actions to improve the efficiency of student transfer and graduation or completion.	<ul style="list-style-type: none">▪ The strategic master plan must address improving transfer and articulation between two and four-year institutions. One option is to set a goal to eliminate the disparity in graduation efficiency between transfer students and students who start as freshmen at a four-year institution.

Input from Stakeholders:

Several things are necessary to ensure efficient transfer: adequate capacity for those wishing to transfer, continuity of program requirements, and transferability of courses. There needs to be flexibility across the two and four-year sectors for 100 and 300-level courses. Students who start at a four-year institution as freshmen take upper division courses when they are sophomores. Forcing students to wait until they are juniors is artificial and this probably contributes to the inefficiencies.

9) Overall Structure of Strategic Master Plan

ESHB 2076	Summary of Work Group Discussions
The Board shall present the vision, goals, priorities, and strategies in the statewide strategic master plan for higher education in a way that provides guidance for institutions, the Governor, and the Legislature to make further decisions regarding institution-level plans, policies, legislation, and operating and capital funding for higher education.	<ul style="list-style-type: none">▪ The strategic master plan must represent a balance between what higher education in Washington “should” be and what it “can” be, given resource constraints.▪ The plan should be both visionary and realistic, permitting the Legislature to make difficult choices and set priorities. Options should be provided that allow the Legislature to know the consequences of one choice over another.

Comments from Individual Work Group Members:

Fundamentally, we do not want a strategic master plan that sits on a shelf. To avoid this, the plan must be relevant and contain concise, clear recommendations. It must provide a vision, but present its strategies and recommendations in phases and incremental steps. It must include benchmarks and methods for monitoring and accountability. As the Legislature makes policy and budget decisions, we can use the plan to debate priorities and tradeoffs. We will be informed about the consequences of those decisions. We will also be able to monitor our progress.